

Division of Tourism, Film and the Arts Procurement
Exemption Report

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Maryland Department of Business and Economic
Development

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DIVISION OF TOURISM, FILM AND THE ARTS PROCUREMENT EXEMPTION REPORT

Executive Summary

The Division of Tourism, Film, and the Arts (Division) entered into three (3) cooperative marketing agreements in Fiscal Year 2012 under the Maryland Department of Business & Economic Development (DBED) tourism procurement exemption authority. This authority exempts DBED from some of the requirements of State procurement law regarding certain marketing activities related to the promotion of tourism.

Under this authority, DBED contributes no more than 50% of total project costs. This has been a great opportunity for the State to pay less for more products/services and receive increased economic benefits. The attached chart describes each project in terms of actual dollar amounts committed, and below is a brief summary of each project. All cooperative marketing projects under this exemption were reviewed by DBED's Assistant Attorney General and approved by DBED's Secretary or his designee prior to implementation.

Capital Region USA

The Capital Region USA (CRUSA) is a non-profit tourism coalition comprised of and funded primarily by the Maryland Office of Tourism, the Virginia Tourism Corporation and Destination DC, with significant support from the Metropolitan Washington Airports Authority. CRUSA strives to increase visitation and economic impact to the region from selected international markets by implementing innovative marketing programs and public/private sector partnerships. In Fiscal Year 2012 it successfully leveraged Maryland's contribution by more than 8:1.

Formed in 1991, CRUSA has created a strong, unified marketing effort to attract the lucrative overseas visitor from our primary markets of the United Kingdom and Germany, our secondary markets of France, Mexico and Brazil, and the emerging market of China, by combining limited marketing funds from each partner. Investments by each partner funded a fully integrated, professionally managed international marketing campaign in Fiscal Year 2012 with a budget of \$1.7 million representing a leverage factor of more than 8:1. CRUSA generated \$1.74 million in cash and in-kind contributions to support its marketing programs from corporate sponsors, grants, tour operator partners and suppliers across the region.

CRUSA, since its inception, has promoted the development and growth of the international visitor market to Maryland and the region. This cooperative relationship has increased the economic impact of international travel to Maryland. Maryland private

sector participation in CRUSA programs, such as familiarization tours, promotions, electronic marketing initiatives and advertising indicates continuing support for this international marketing initiative.

The value of the dollar to the Euro and other international currency had made America an economically attractive travel destination the last few years. President Obama signed into law the first-ever national travel promotion and communications program to attract more international travelers to the U.S. CRUSA is uniquely poised to take advantage of the increased international attention on the U.S. as a travel destination.

Capital Region USA's marketing efforts are designed to increase visitor volumes and spending from our selected overseas markets. The U.S. Department of Commerce conducts its annual Survey of International Air Travelers (SIAT) from which visitor volumes and spending figures are calculated. This information arrives 6 months after the close of each calendar year. The 2011 survey reported that overseas arrivals to Maryland grew by 27%, to a record 335,000 visitors, while spending increased by 35%, to a record \$285 million. During Fiscal Year 2012, CRUSA continued its research project with the Department of Commerce to expand the number of surveys being distributed in the region through the SIAT. This project now averages 3,011 surveys annually, a 57% increase from 2008, resulting in more credible data on overseas arrivals and economic impact for the Capital Region. An effort to collect additional surveys at Baltimore/Washington International Airport was also initiated in Fiscal Year 2011, and continued with BWI's support in Fiscal Year 2012.

CRUSA specific measurements for Fiscal Year 2012 include 119 tour operator promotions that helped generate 53,000 room nights across the region; participation at 8 trade shows and workshops; completion of 447 sales calls and destination training for 1,580 tour operator and travel agency staff members across all markets; nine tour operator fam tours and five consumer promotions that generated close to 5,800 opt-ins to the CRUSA database. Public relations efforts garnered an earned media value of \$16.5 million, an increase of 43 percent. CRUSA hosts websites in Korean and Mandarin Chinese as well as English, German, French, Spanish and Portuguese, and reached 142,774 unique visitors in Fiscal Year 2012, a 14% increase year over year.

Visit Baltimore

The Maryland Office of Tourism entered into a cooperative marketing agreement with Visit Baltimore to co-host the second annual Americas Incentive, Business Travel & Meetings Exhibition (AIBTM). Baltimore joined Barcelona, Abu Dhabi, Beijing and Melbourne, Australia as the host city of one of Reed Travel Exhibitions' global hosted buyer shows.

AIBTM changed the way meetings & events tradeshow are done in the United States due to their signature appointment-driven hosted buyer program. Reed pre-qualifies

meeting & events buyers who then receive complimentary travel and/or accommodations for committing to attend pre-scheduled appointments with exhibitors.

More than 700 exhibitors in 194 exhibit spaces filled the Baltimore Convention Center for the opportunity to meet one-on-one with these highly qualified prospects. Thirty Baltimore and Maryland travel partners exhibited in a joint 50x45 Baltimore-Maryland Pavilion, which commanded a major presence on the tradeshow floor.

AIBTM attracted more than 2,200 meeting and incentive planners from the U.S. and abroad, many who had never visited Maryland before. Maryland Pavilion Partners reported positive results from their appointments with travel planners, booking large groups of 3,000 to 5,000, as well as hosting meeting planners both before and after the tradeshow.

The Tourism Council of Frederick County

The Maryland Office of Tourism entered into a cooperative marketing agreement with the Tourism Council of Frederick County to jointly produce an economic impact study to measure the effect of tourism spending at the county and State level. This study is vitally important for the State and the counties to demonstrate the impact of visitor spending and activity on Maryland and its jurisdictions. The cooperative agreement is with Frederick County, the Maryland Office of Tourism and the research provider, Tourism Economics.